

## Message Text

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62

ACTION ARA-10

INFO OCT-01 EA-09 ISO-00 AGRE-00 L-03 H-02 CIAE-00 DODE-00

INR-07 NSAE-00 PA-02 USIA-15 PRS-01 SP-02 EB-07

COME-00 TRSE-00 AID-05 OMB-01 /065 W

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R 061409Z OCT 76

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC 8172

INFO AMEMBASSY TOKYO

AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

UNCLAS BRASILIA 8571

E.O. 11652: N/A

TAGS: EPAP, EAGR, BR, JA

SUBJECT: AGRICULTURAL ASPECTS OF PRESIDENT GEISEL'S VISIT TO JAPAN:

AMB. HODGSON'S REMARKS

REF: (A) TOKYO TOFAS 665, (B) TOKYO TOFAS 673, (C) STATE 237064,  
(D) BRASILIA 7967, (E) TOKYO 14560

1. THE MINISTRY OF AGRICULTURE CONFIRMS THAT THE GOB TRADING COMPANY INTERBRAS HAS SIGNED LETTERS OF INTENT FOR THE EXPORT OF US\$600 MILLION WORTH OF AGRICULTURAL COMMODITIES TO JAPAN OVER THE NEXT 2 YEARS--US\$300 MILLION EACH DURING 1977 AND 1978 (REF B). THE PRINCIPAL PRODUCTS INVOLVED WILL BE SOY-BEANS, CORN AND SOYBEAN MEAL PLUS A SMALL AMOUNT OF COFFEE. ABOUT HALF OF THESE COMMODITIES WOULD BE SOLD CIF, JAPAN AND SHIPPED IN BRAZILIAN FLAG SHIPS, WHILE THE OTHER HALF WOULD BE SOLD FOB, BRAZIL AND PRESUMABLY SHIPPED IN JAPANESE SHIPS. THE MINISTRY OF AGRICULTURE MAINTAINS THAT NO FREIGHT SUBSIDY WILL BE INVOLVED IN THESE SHIPMENTS.

2. A MEMORANDUM OF UNDERSTANDING WAS SIGNED WHICH ESTABLISHES THE FRAMEWORK FOR A PILOT PROJECT TO DEVELOP 50,000 HECTARES OF "CERRADO" LAND (UNDERDEVELOPED PART OF BRAZIL'S INTERIOR)  
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IN THE STATE OF MINAS GERAIS FOR THE CULTIVATION OF SOYBEANS,

CORN, SORGHUM, WHEAT, COFFEE AND EUCALYPTUS. A TOTAL OF 15,575 MILLION YEN (US\$55 MILLION) WILL BE INVESTED IN THE PROJECT WITH ROUGHLY HALF COMING FROM JAPAN. IF THE PILOT PROJECT PROVES SUCCESSFUL IT WILL EVENTUALLY BE EXPANDED TO COVER 300,000 HECTARES AND, AT A LATER STAGE, 1 MILLION HECTARES. AS A PART OF THE AGREEMENT THE JAPANESE WILL SEND AN UNSPECIFIED NUMBER OF RESEARCHERS TO PARTICIPATE IN THE GOB'S AGRICULTURAL RESEARCH PROGRAM FOR THE "CERRADOS."

3. OCT. 1 EDITION OF "GAZETA MERCANTIL," BRAZIL'S LEADING BUSINESS AND FINANCIAL DAILY, REPORTED ON COMMENTS BY AMBASSADOR HODGSON ON SOYBEANS AND AGRICULTURAL COMPETITION. UNDER HEADLINE, "AGREEMENTS BETWEEN BRAZIL AND JAPAN DO NOT WORRY U.S. AMBASSADOR," THE STORY REPORTED THAT:  
--AMB. HODGSON RECOGNIZED THAT THERE IS SOME DISQUIET IN THE U.S., PRINCIPALLY THE MID-WEST, ABOUT BRAZIL'S ENTERING A MARKET WHICH IMPORTS PRIMARILY U.S. SOYBEANS. THIS SUBJECT IS A "SENSITIVE POINT," AND THE U.S. IS TRYING TO REDUCE ITS LARGE BILATERAL TRADE DEFICIT WITH JAPAN, PRINCIPALLY THROUGH AGRICULTURAL PRODUCTS.  
--AMB. HODGSON CONCLUDED, HOWEVER THAT, IF THE JAPANESE ECONOMY CONTINUES EXPANDING, JAPAN WILL BUY ALL THE SOYBEANS BRAZILIAN AND U.S. PRODUCERS CAN EXPORT. "THERE IS ROOM FOR ALL."  
JOHNSON

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## Message Attributes

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**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** SOYBEANS, ALLEGATIONS, AGRICULTURAL PROGRAMS, TRADE CONTROLS  
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**Decaption Date:** 01 JAN 1960  
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**Disposition Approved on Date:**  
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**Disposition Comment:**  
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**Previous Handling Restrictions:** n/a  
**Reference:** 76 TOKYO 665, 76 TOKYO 673, 76 STATE 237064, 76 BRASILIA 7967, 76 TOKYO 14560  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** izenbei0  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 20 AUG 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <20 AUG 2004 by barnescd>; APPROVED <13 DEC 2004 by izenbei0>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** AGRICULTURAL ASPECTS OF PRESIDENT GEISEL'S VISIT TO JAPAN: AMB. HODGSON'S REMARKS  
**TAGS:** EPAP, EAGR, BR, JA, US  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006